



SEC  
Mail Processing  
Section

20013003

ION

MAR 16 2020

Washington DC  
413

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	August 31, 2020
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8-42833

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/19 AND ENDING 12/31/19  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **A. P. SECURITIES, INC.**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

**15 WATERVIEW DRIVE**

(No. and Street)

**NY**

**11721**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

GEORGE C. REICHL 631-757-3200

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**LINDER & LINDER**

(Name - if individual, state last, first, middle name)

**8 CHATHAM PLACE**

**DIX HILLS**

**NY**

**11746**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**



Certified Public Accountant



Public Accountant



Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, GEORGE C. REICHLE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of A. P. SECURITIES, INC., as of DECEMBER 31, 2019, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

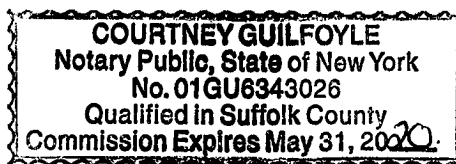
\_\_\_\_\_

\_\_\_\_\_

George C Reichle  
Signature

Pres  
Title

Courtney Guilfoyle  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**A.P. SECURITIES, INC.**

Statement of Financial Condition

For the Year Ended December 31, 2019

**A.P. SECURITIES, INC.**

**CONTENTS**

Report of independent registered public accounting firm	1
Statement of financial condition	2
Notes to financial statements	3-7

# **LINDER & LINDER** ■ *Certified Public Accountants*

8 Chatham Place, Dix Hills, NY 11746 (631) 462-1213 Fax (631) 462-8319

Thomas Linder  
Gail Linder

## **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Member  
A.P. Securities, Inc.

### **Opinion on the Financial Statements**


We have audited the accompanying statement of financial condition of A.P. Securities, Inc. (the "Company") as of December 31, 2019, and the related notes (collectively referred to as the "financial statement"). In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position of A.P. Securities, Inc. as of December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

The financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statement, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. Our audit also included evaluating the overall the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have served as the Company's auditor since 2018.



Dix Hills, New York  
March 13, 2020

**A.P. SECURITIES, INC.**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2019**

**Assets**

Current assets:

Cash and cash equivalents	\$ 11,487
Accounts receivable (Note 2)	9,177
Prepaid expenses	<u>1,779</u>
<b>Total current assets</b>	<b>22,443</b>

Other assets:

Investments (Note 3)	<u>22,491</u>
----------------------	---------------

<b>Total assets</b>	<b><u><u>\$ 44,934</u></u></b>
---------------------	--------------------------------

**Liabilities and stockholder's equity**

Current liabilities:

Accounts payable and accrued expenses	\$ 10,895
Accrued officer's salary	5,415
Payroll taxes payable	414
Income taxes payable	<u>465</u>
<b>Total current liabilities</b>	<b><u>17,189</u></b>

Stockholder's equity:

Common stock, no par value, 4,445 shares authorized; 4,245 shares issued and outstanding	35,000
Additional paid-in capital	19,500
Accumulated deficit	<u>(26,755)</u>
<b>Total stockholder's equity</b>	<b><u>27,745</u></b>

<b>Total liabilities and stockholder's equity</b>	<b><u><u>\$ 44,934</u></u></b>
---	--------------------------------

See accompanying report of independent registered public accounting firm  
and notes to financial statements.

**A.P. SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**1. Summary of significant accounting policies**

**Nature of business**

A.P. Securities, Inc. ("the Company") is a corporation organized under the laws of the State of New York on March 20, 1990, doing business as a broker and dealer in securities registered under the Securities Exchange Act of 1934 and as a member of the Financial Industry Regulatory Authority.

The Company's primary source of income is commissions and fees from the sale of Mutual Funds.

**Basis of accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Revenue recognition**

Securities transactions and the related revenues and expenses are recorded on a settlement date basis; revenues and expenses would not be materially different if reported on a trade date basis.

**Cash equivalents**

For purposes of the statements of financial condition and statements of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**Concentration of credit risk**

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and accounts receivable. The Company maintains its cash balances in bank checking accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk on cash balances.

**A.P. SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**1. Summary of significant accounting policies (continued)**

**Accounts receivable**

The Company considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. If amounts become doubtful as to collections, an allowance will be established at that time.

**Recently issued accounting pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will supersede nearly all existing revenue recognition guidance in U.S. GAAP when it becomes effective. The updated standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and requires expanded disclosures regarding revenue recognition. The core principle of ASU 2014-09 is that a company should recognize revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the company is expected to be entitled for those goods or services.

The updated standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (modified retrospective method). The updated standard is effective for annual reporting periods ending December 31, 2018, with early adoption permitted. There is no sign of significant change the standard has on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. In September 2017, the FASB issued ASU 2017-13, *Revenue Recognition (Topic 842): Amendments to SEC Paragraphs*, which rescinds certain SEC Observer comments and staff announcements from the lease guidance and incorporates SEC staff announcements on the effect of a change in tax law on leveraged leases from ASC 840 into ASC 842.

A modified retrospective transition approach is required. An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Companies expect to adopt the guidance at the beginning of the period of adoption, January 1, 2021, and is still evaluating the method of transition.



**A.P. SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**1. Summary of significant accounting policies (continued)**

**Income taxes**

As of January 1, 2014 the Company elected to terminate their “small business corporation” (S Corporation) status for federal and state tax purposes. Therefore, federal and state income taxes are accrued at the end of each year in accordance with applicable income tax laws.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change. We have determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

The Company is generally not subject to U.S. Federal, State or local income tax examinations related to the Company's activities for tax years before 2016.

**Reclassifications**

Certain reclassifications were made to the opening balances of stockholder's equity to conform to current year presentation. There was no impact on total stockholder's equity.

**Subsequent events**

In accordance with FASB ASC Topic 855, subsequent events (after December 31, 2019) have been evaluated through February 26, 2020 which is the date the financial statements were available to be issued.

**2. Accounts receivable**

Accounts receivable of \$9,177 were all current and are comprised of commissions due on the sale of mutual funds and fee income.

The Company's policy is to write-off doubtful accounts receivable in the year deemed uncollectible. In the opinion of management, no allowance for doubtful accounts is required.

**3. Investments**

During the calendar year 2000, the Company acquired, for \$2,710, 210 shares of common stock in The Nasdaq Stock Market, Inc. (“Nasdaq”).

The carrying value and estimated fair value of marketable securities available for sale at December 31, 2019 is as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Unrealized Gain</u>
Equities	\$ 2,710	\$ 22,491	\$ 19,781

**A.P. SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**4. Fair value measurements**

In accordance with generally accepted accounting principles, the Company adopted provisions of *Fair Value Measurements and Disclosures* (ASC Topic 820), which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for assets measured at fair value.

***Equities*** – valued at the net asset value (“NAV”) of shares held at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	<u>\$ 22,491</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 22,491</u>

**A.P. SECURITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**5. Pension plan**

The Company has set up a profit sharing plan during the year 2007, which covers all employees who meet the plan's eligibility requirements. There was no pension expense for the year ended December 31, 2019.

**6. Income taxes**

The provision for income taxes is summarized as follows:

Current tax expense:	
Federal	\$     --
State	465
Total provision for income taxes	<u>\$   465</u>

At December 31, 2019 the Company had federal and state net operating loss carry-forwards of approximately \$185 that can be deducted against future taxable income that expire in 2027, \$463 that expire in 2026 and \$1,337 that expire in 2025.

**7. Net capital**

The Company is subject to the SEC Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1).

At December 31, 2019 the Company had net capital of \$19,811, which was \$14,811 in excess of its required net capital of \$5,000. The ratio of aggregate indebtedness to net capital was 0.86765 to 1 as of December 31, 2019.

**8. Related party transactions**

The Company's office space that is used is in the residential property owned by George Reichle. Various items of office furniture, equipment and telephone expenses are also used by the Company without charge. The related party transactions are reported in the Statement of Operations as Office Expense in the amount of \$4,199.

**9. Commitments and contingencies**

There are no commitments and contingencies that would have a material impact as of December 31, 2019.